

REQUEST FOR APPROVAL

To: **Tom Estes**
Deputy Director, Administration and Finance

Howard Levenson
Assistant Director, Materials Management and Local Assistance Program

From: **Shirley Willd-Wagner** *SWW*
Division Chief, Financial Assistance Division

Request Date: September 27, 2010

Decision Subject: Approval of Award and Distribution for the Used Oil Payment Program (Used Oil Recycling Fund, Fiscal Year (FY) 2010/11)

Action By: October 4, 2010

Summary of Request: The Department of Resources Recycling and Recovery (CalRecycle) is authorized to make payments to local jurisdictions for the implementation of local used oil collection programs, consistent with Public Resources Code Sections 48600 et seq. The Used Oil Payment Program (OPP) Guidelines (which describe eligibility, payment process and other aspects of program administration) were approved on May 24, 2010 (Attachment 1). For FY 2010/11 a total of \$11,000,000 is estimated to be available for payments to qualifying OPP Applicants (when payment to an Applicant is approved they are then referred to as a Recipient). Upon approval of this Request, the FY 2010/11 allocated funds will be encumbered. Subject to funding availability these funds will be distributed to Recipients in either April 2011 or, if an October payment was requested and the applicant is eligible for early payment, in October 2010. All funds shall be available for expenditure until June 30, 2012, and are subject to the annual reporting requirement starting in August 2011.

Recommendation: Staff recommends approval of payments to qualifying OPP Applicants as identified in Attachments 2A (disbursement in October 2010) and 2B (disbursement in April 2011).

Deputy Director Action: On the basis of the information and analysis in this Request for Approval and the findings set out herein, I hereby conditionally approve payments to qualifying OPP1 Cycle Applicants listed in Attachments 2A and 2B. These payments are subject to funding availability. Additionally, I direct staff to provide any other documentation that is necessary and appropriate to facilitate the issuance of payments. The conditions of approval are that Applicants must:

1. Comply with the OPP Guidelines.
2. Provide full repayment of any outstanding debt, accounts receivable or payment owed by the Applicant/Recipient (or Participating Jurisdiction(s), if applicable) to CalRecycle within 90 (ninety) calendar days of the date of this conditional approval.

Dated: 9/28/10
Howard Levenson
Howard Levenson
Assistant Director

Tom Estes
Tom Estes
Deputy Director

Attachments: 1. Request for Approval: Approval of Guidelines for Implementing the Used Oil Payment Program
2A. Proposed Used Oil Payment Program (OPP1) Payments – Disbursement in October 2010
2B. Proposed Used Oil Payment Program (OPP1) Payments – Disbursement in April 2011

Background

Public Resources Code (PRC) 48600 et seq. describes the California Oil Recycling Enhancement Act (Act) which provides for, among other things, funding to assist local governments in developing and maintaining an on-going used oil and used oil filter collection/recycling program for their communities. Senate Bill 546 (Lowenthal, Chapter 353, Statutes of 2009) made various changes to the Act, including:

- Changing the funding from an entitlement grant program (formerly known as the Used Oil Block Grant Program [UBG]) to a payment program (referred to as the Used Oil Payment Program [OPP]); and
- Increasing the funding for the OPP to \$11,000,000 per fiscal year (up from \$10,000,000) in accordance with PRC 48653(a)(3)(A).

The Act did not change the basic intent of the program—to assist local governments in developing and maintaining an on-going used oil and oil filter collection/recycling program. It authorizes CalRecycle to develop more specific guidance for this program and related annual reporting needs. In accordance with SB 546, CalRecycle developed Guidelines (Attachment 1) which further describe the statutory authority, eligibility, payment process and other aspects of program administration.

On June 21, 2010, CalRecycle approved payment of \$1,919,000 from the Used Oil Recycling Fund for Fiscal Year 2009/10. These monies will be distributed along with FY 2010/11 monies (described below) to qualifying Applicants.

Payment Calculations

PRC Section 48653(a)(3)(A) describes the payment calculation and annual funding. Payment amounts are determined by multiplying the total annual funding amount by the fraction equal to the population of cities and counties that are eligible for payments pursuant to PRC Section 48690, divided by the population of the state, as most recently determined by the Department of Finance.

For small population jurisdictions the statutory payment calculation does not provide sufficient funding to maintain an on-going used oil and oil filter collection/recycling program as required by the Act. To address these needs, a minimum award of \$5,000 is provided for small population cities and \$10,000 for small population counties.

PRC Section 48653(a)(3)(A) provides for total annual funding of eleven million dollars (\$11,000,000).

Findings

Attachments 2A and 2B identify the Applicants which are recommended to become Recipients of OPP1 Cycle payments (when payment to an Applicant is approved they are then referred to as a Recipient). Upon approval of this Request, the FY 2010/11 allocated funds will be encumbered. Subject to funding availability, these funds will be distributed to Recipients in either April 2011 or, if an October payment was requested and the applicant is eligible for early payment, in October 2010. All funds shall be available for expenditure until June 30, 2012, and are subject to the annual reporting requirement starting in August 2011.